ICIEC THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT

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Central Asia in Transition

De-risking Business Opportunities Using Credit and Investment Insurance

"ICIEC remains steadfast in its commitment and engagement with our Member States and partners in Central Asia in helping them in their respective development agendas, thus fulfilling the Corporation's own mandate in a global environment of evolving uncertainties and risks."

Oussama Abdul Rahman KAISSI, CEO, ICIEC

Central Asia is a region in transition. Blessed with natural resources, young demography, and an increasingly educated workforce, the region is well on its way to mitigating development challenges amid global economic uncertainties. In the medium-term, says the IMF, the economic reforms currently being undertaken can increase output in the region by 5% to 7%.

Of the six Central Asian countries - Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan - four are members of ICIEC, with the Kyrgyz Republic and Tajikistan set to join soon following active engagement between the Corporation and the respective governments.

At ICIEC, we are confident that as an exporter of agricultural commodities, livestock, and processed food, Central Asia can and will cater to the needs of the world in terms of food security. ICIEC has been closely following Central Asia's needs in trade and investment insurance and guarantees to provide on-time and high-quality services. As the number and volume of transactions from the region are increasing, ICIEC will have a physical presence on the ground and has recently appointed staff to its Regional Hub in Almaty in Kazakhstan.

In this Second Quarterly Newsletter in 2023, we are taking a regional focus on developments in Central Asia in terms of economic reforms,, the region's Green Growth and Sustainable Development Agenda, regional interconnectivity and collaboration, especially in the transport, energy and telecoms sectors, progress towards achieving the UN SDGs and the Net Zero targets of the Paris Climate Agreement, human capital development, and ICIEC's expanding role in the provision of Shariah-compliant credit and investment insurance, guarantees and reinsurance capacity for trade transactions and investments in infrastructure, agriculture, mining and minerals, transport, education, export-oriented manufacturing and the nascent privatisation processes, through win-win partnerships with peer institutions in Kazakhstan, Uzbekistan and Turkmenistan.

Our focus includes an exclusive in-depth interview with Mr. Aslan Kaligazin, Chairman of the Management Board, KazakhExport, who stresses the importance of credit enhancement and risk mitigation solutions as the country seeks to diversify its economy away from reliance on hydrocarbons, and to boost exports, especially non-commodity products, both to neighbouring markets and beyond. The signs are of much greater support from KazakhExport to local manufacturers and exporters and cooperation with ICIEC. We also feature a Country Profile of Uzbekistan, with which ICIEC sees huge promise and cooperation.

The increasing integration of Islamic Finance into the National Agendas of the Central Asian republics can also lead to the expansion of the credit and investment insurance market there and augurs well for our collaborative efforts in national development and advancement, regional interconnectivity and supporting intra-OIC trade and investment as per our mandate.

ICIEC remains steadfast in its commitment and engagement with our Member States and partners in Central Asia in helping them in their respective development agendas, thus fulfilling the Corporation's own mandate in a global environment of evolving uncertainties and risks.

Oussama Kaissi
Chief Executive Officer, ICIEC

Reimaging Export Credit and Investment Insurance in a World of Persistent Risks

Enhancing De-risking and Credit Enhancement Business in ICIEC Member States

The importance of credit and investment insurance cannot be overstated. For an industry that has been around for over a century, the challenge ahead is not to pay endless lip service to its business case but to enhance awareness and market education among policymakers, regulators, multilateral, national and private sector insurers and Export Credit Agencies (ECAs), banking institutions, insurance providers, exporters, importers, investors and SMEs. This is particularly so in a global geopolitical and economic environment of persistent and evolving risks, precipitated in recent years by the onset and ongoing impacts of the COVID-19 pandemic, the supply chain disruptions and burgeoning fuel and food price rises caused by the Ukraine conflict, the ensuing global economic downturn and cost-of-living crisis which has slowdown the post-pandemic recovery towards pre-pandemic normalisation. The biggest challenge, however, is how to instil the culture of credit and investment insurance among the 57 Organisation of Islamic Cooperation (OIC) member states with its disparate back stories of economies, financial resources, trade and investment architecture, de-risking and payment systems and development agendas. Is there a two-tier approach to trade and investment risk mitigation already entrenched? ***Mr. Oussama Kaissi, CEO of ICIEC,*** *considers the options for OIC countries as they seek to build on their trade and FDI potential and attractiveness.*

Today, around 90% of all global trade relies on some form of credit, insurance or guarantees issued by a bank, insurer or specialist financial institution. As it has done for over a century, the credit insurance industry will continue to evolve and adapt to meet challenges - societal, environmental and economic - that lie ahead and support the real economy.

Credit and investment insurance typically acts as a catalyst that provides financing to the real economy through export and import flows and promotes foreign direct investment (FDI) movements across the globe. By protecting exporters and banks against the risk of non-payment, defaults and expropriation, credit insurance enables cross-border trade and investment.

As the latest data suggests from The Berne Union (International Union of Credit and Investment Insurers), the not-for-profit professional association representing the global credit and political risk insurance industry, the industry demonstrated great resilience and adaptability throughout the pandemic, the crisis in Eastern Europe and the global economic downturn. Over the year 2022, the credit and investment industry supported US$2.83 trillion of cross-border trade and investment (up 5% on 2021) with an additional US$68.6 billion in non-cross-border support for exporters. Berne Union Members, which include ICIEC, collectively provide payment risk capital worth US$2.5 trillion each year, insuring approximately 13% of the value of total global cross-border trade.

A recent survey conducted for The Berne Union Export Credit Business Confidence Trends Index shows that the industry remains confident and positive, despite the high-risk environment and the global economic and geopolitical uncertainties. "Strong global trade performance in 2022 provides cause for optimism, but high inflation, widespread geopolitical risk and the increasing frequency of insolvencies/rising pre-claims means underwriters remain cautious through Q1 2023," were the sentiments of an overwhelming number of respondents.

The Index tracks perceived demand, risk appetite and claims in the export credit insurance industry, based on quarterly surveys of Berne Union Members. To capitalize on business growth opportunities and increase resilience within key sectors, the survey recommends an approach based on five core features: 'Adapt and Innovate', Greater flexibility and support for finance across all stages of the trade cycle, More partnerships between public and private sources of finance and risk capacity, Reduction of barriers, Aligning of incentives, and Increasing coordination across different spheres.

Industry is Well Positioned

Respondents maintained that their industry is well positioned to support economic stability and energy security while also playing a pivotal role in advancing energy transition, food security and resilience, and climate adaptability goals.

Most industrialised countries, and many emerging economies, provide official support to cross-border trade and investment through ECAs. A number of global insurance companies have also introduced credit insurance products representing the private market. There are also four multilateral agencies that provide credit and political risk insurance, focused mainly on specific geographic regions. The latter category includes ICIEC, uniquely the only Shariah-compliant multilateral insurer in the world and a member of the Islamic Development Bank (IsDB) Group. The reality is that many OIC countries are bereft of a national ECA, a gap often unofficially filled by ICIEC by virtue of its de facto engagement with counterparties (usually ministries, state agencies, banks and export trade associations) and adoption by these partners.

Another reality is that of the 57 OIC and 49 ICIEC member states, only 15 are acceded to some sort of membership of the Berne Union,

> The lack of participation in industry bodies such as the Berne Union and the Aman Union, inevitably deprives partners involved in trade and investment activities in and with member states of getting the necessary exposure to the latest regulatory, legal, market, financial innovation and technical developments, trends, and processes pertaining to the industry.

with the latest being the Export-Import Bank of Malaysia Berhad (EXIM Bank) which joined as an Observer Member and participant in the Berne Union's Prague Club Committee. The 15 members include the Kuwait-based pan-Arab Dhaman (The Arab Investment & Export Credit Guarantee Corporation) and two members from Indonesia - Indonesia Eximbank and PT. Asuransi Asei Indonesia (Asuransi Asei).

Membership in a prestigious international professional body is essential or a panacea to the trade and FDI ambitions and shortcomings of several ICIEC member states. But the lack of participation in industry bodies such as the Berne Union and the Aman Union (the professional forum of Commercial and Non-commercial Risk Insurers & Reinsurers in OIC Member States and members of Dhaman and ICIEC), inevitably deprives partners involved in trade and investment activities in and with member states of getting the necessary exposure to the latest regulatory, legal, market, financial innovation and technical developments, trends, and processes pertaining to the industry. It also deprives them of engaging with potential partners, learning from the experiences of peer best-in-the-industry entities, exchanging ideas and forging partnerships for the future.

As risk absorbers and mitigators, the current status quo represents the credit and investment insurance industry in the OIC countries with both challenges and opportunities. Especially as the global economy is in a rebuilding and reimagining mode in the wake of the pandemic, as well as in pursuit of net zero goals for decarbonisation, and mitigating the impact of the supply chain disruptions caused by the Ukraine conflict, especially in fuel and foodstuffs, which has raised renewed questions about food security and building resilience to future shocks.

State of the Industry in Aman Union Member States

ECAs in AMAN Union member states have generally witnessed rising growth in their operations – both conventional and Shariah-compliant – largely linked to government COVID-19 mitigation emergency packages, the reality is that the culture of credit and political risk insurance (PRI) in many markets remains underdeveloped.

All stakeholders have a role to play to foster increased awareness of credit and PRI, including policymakers, multilateral and private insurers, reinsurers, private sector, businesses, SMEs and industry bodies such as our Union. The benefits and opportunities are implicit, especially in mobilising additional private capital for development from local banks and institutional investors. PRI and credit enhancement have a track record of effectively de-risking and thus catalyzing private investment into emerging markets through capital-efficient instruments.

Channelling investment into sustainable projects presents a sizeable growth opportunity for insurers, especially in infrastructure and development projects. Insurers can design products to reduce risks in infrastructure projects and increase their attraction to investors.

Turk Eximbank's incisive Technical Performance Analysis 2020-2021 presented to the 13th Aman Union AGM in Dubai in May 2023 shows steady progress of the export credit and investment insurance ecosystem but from a relatively very low base.

The main findings are revealing:

i. Total capital base of Aman Union (AU) member entities was US$13.6 billion at end 2021 – up on the US$10 billion in 2020. Saudi EXIM accounted for 59 percent of the figure in 2021.

ii. Total number of policyholders in 2021 reached 8,493 – up 11 percent on 2020.

iii. Total number of buyers increased from 106,000 in 2020 to 116,000 in 2021, of which Turk Eximbank accounted for 51 percent.

iv. Total AU Business Insured in 2021 reached to US$49 billion – up 17 percent on 2020.

v. Top 5 members accounted for 83 percent of total AU Business Insured, led by Turk Eximbank at 48 percent and ICIEC at 20 percent.

vi. Total Short term Export business increased to US$35 billion in 2021 from US$28.6 billion in 2021.

vii. MT Business insured decreased sharply to US$200 million in 2021 from US$1.7 billion.

viii. Investment Business Insured increased from US$2.5 billion to US$3.1 billion in 2021 with ICIEC accounting for 71 percent.

ix. In 2021, total premium reached US$240 million, up 19 percent on the previous year.

The data reveals a very fragmented export credit and investment insurance ecosystem with a handful of players dominating, especially ICIEC, Turk Eximbank and Saudi EXIM, and the very low base for almost all the various indicators. It shows the huge gaps relative to the developed markets in the advanced economies and the work that needs to be done by member states and entities in almost all facets of the credit and investment insurance architecture, ranging from enabling legislation, regulatory and tax frameworks, risk mitigation strategies, product innovation, capitalisation, market depth, competition, awareness and market education.

In March 2023, ICIEC organized and hosted the 1st Capacity Building Program for the users of the OIC Business Intelligence Center (OBIC) in March 2023, stressing the Role of Credit Information Sharing, Business Intelligence, and Digital Transformation in supporting trade and investment decisions and how the OBIC platform can be used as an improved Credit Risk Management tool that will facilitate access to finance for trade and investment, as well as the mitigation of risks related to those activities.

Benefits and Challenges

The efficacy, benefits and challenges of credit insurance could not be better illustrated by ICIEC's experience in Senegal. Over the past years, ICIEC has supported numerous landmark transactions and projects in Senegal with an investment totalling US$3.6 billion through risk mitigation, credit enhancement solutions and guarantees. Notable projects include Blaise Diagne International Airport (AIBD SA), Stade du Sénégal (Abdoulaye Wade Stadium), Dakar Expo Center, the Market of National Interest, Hann-Fann Wastewater Collector, and the Dakar Truck Station.

According to H.E. Ms. Oulimata Sarr, Minister of Economy, Planning & Cooperation of Senegal, "The ICIEC guarantees (and de-risking tools) have enabled the realization of several infrastructure projects in Senegal. ICIEC's credit and investment insurance products play a major role in project risk mitigation, as they make them more attractive to investors. In addition, these products make it possible to ensure projects are more bankable with foreign investors who have a high-risk perception when it comes to investing in Africa or in developing countries."

However, several ICIEC developing member states are confronted with various dilemmas. Despite its vital importance in project financing, insurance, they point out, often contributes to the increase in the cost of a project, especially in Africa, which suffers from an unfavorable and biased credit rating. "As you well know, the pricing of insurance premiums is partly based on a country's credit rating and as rating agencies overstate risk on the continent, African countries find themselves paying very high premiums," noted Ms. Sarr. As one of the most important development banks in the world, the IsDB Group, including ICIEC, could play a key role with rating agencies to change this perception of overvalued risk on the African continent. ICIEC, like other insurers, operate in the real world accountable to shareholders, market conditions, various risk metrics and its mandate.

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>
> **H.E. Ms. Oulimata Sarr,**
> Minister of Economy, Planning & Cooperation of Senegal

Senegal's call to insurers for a reduction in insurance premiums because "lower insurance premiums would help reduce project costs on the continent and make the market more accessible to African private sectors" merits consideration. But this is subject to collaboration, negotiation and demonstrable progress in enhancing the credit insurance culture and ecosystem in member states – an ambition to which ICIEC is committed to.

The benefits for ICIEC member states are potentially game-changing – increased intra-OIC trade and investment, better socio-economic outcomes, greater capacity building, and resilience in meeting climate, food security and other challenges, ensuring that no one, whether businesses, SMEs, or individuals, is left behind. A much greater level of partnerships is needed to close gaps in resources, and capital, which would allow the underwriting of much greater volumes of business and investment insured, reinsurance treaties and guarantees, capacity building, better risk management, and reliable credit history and data collection.

Trade, Investment, and Insurance Documentation - Migration Towards Secure Digitalisation

The UK Electronic Trade Documents Bill – a Gamechanger in Digitalized International Trade?

The UK Electronic Trade Documents Bill 2023 (ETDB 2023) completed its final Committee Stage in the House of Lords in February 2023 and is now with the House of Commons for final approval before going to King Charles III for Royal Assent, hopefully before the end of this year. Under the Bill, digital trade documents will be put on the same legal footing as their paper-based equivalents to give UK businesses more choice and flexibility in how they trade. Could ETDB 2023 evolve into a global governing model akin to the pre-eminent role English Law plays as the governing law for the documentation in the global bond and Sukuk market? What are the implications for Data Protection, Privacy, Credit and Investment Insurance and UK Trade Relations with OIC Member States? Mushtak Parker discusses the potential impacts of ETDB 2023 and prospects for global trade.

The imminent adoption of ETDB 2023 in the UK could not be timelier. One of the unintended consequences of the COVID-19 pandemic was the massive acceleration towards digitisation in almost all spheres of human activity, whether in e-Government, e-commerce, online banking and insurance, multimedia, data harvesting, healthcare, industry and so on.

Digitization has brought huge opportunities not only in reach, instant messaging, marketing, cost efficiencies and savings, and boosting trade and investment flows, but also for cybercriminals armed with a growing epidemic of scams, compounded by the apathy of the tech giants, who after all are the technological 'facilitators', albeit unintended, of online fraud and scams, and the shortcomings of regulators who are always a step or two behind the innovators and increasingly sophisticated cybercriminals.

In a world preoccupied by the sheer scale and pace of technological innovations in Artificial Intelligence, Metaverse and Blockchain, digitization and cybersecurity, especially in global trade and investment activity, must be a shared responsibility. But as Belgium-based SWIFT, the world's leading provider of secure financial messaging services, "not all jurisdictions and regulators use the same terminology or have the same classifications when defining fraud and cybercrime. This can lead to fragmentation in an understanding of the data and statistics because they're not always comparable."

Technology, the World Trade Organisation (WTO) tells us, is a potentially empowering enabler of trade and investment, despite the tendency towards protectionism in times of geopolitical and economic uncertainty. As such, a defining moment will come when the UK's Electronic Trade Documents Bill 2023 gets imminent Royal Assent and enacted in law. It will not only reduce the cost of trade transactions but also be good for the environment.

While this transformation to digital trade documents has taken some 131 years since the adoption of the Bills of Exchange Act in 1882, the UK government projects a major boost for the country's international trade, already worth more than £1.4 trillion, and will reduce the estimated 28.5 billion paper trade documents printed and flown around the world daily. Business-to-business documents such as bills of lading - a contract between parties involved in shipping goods and bills of exchange used to help importers and exporters complete transactions currently have to be paper-based due to longstanding laws. According to the International Chamber of Commerce, digitalizing trade documents could generate £25 billion in new economic growth in the UK by 2024, and free up £224 billion in efficiency savings.

Policy Rationale

The rationale behind launching ETDB 2023 is simplicity itself. In their joint Impact Assessment (IA) of the Bill, the UK Departments for Digital, Culture, Media & Sports and for Science Innovation and Technology stress that "the operation of many documents important to international trade, including bills of lading and bills of exchange, is premised on their possession. The person in possession of the relevant document can claim performance of the obligation recorded in the document and can transfer the right to claim performance of that obligation by transferring (physical) possession of the document."

However, in this fast-evolving digital age, there are deficiencies in the current legal position which prevent the move to electronic versions of the above documents. English law - like many other trade jurisdictions around the world - does not currently recognise intangible things as being amenable to possession. This means that electronic forms of trade documentation, which are considered to be intangible, cannot be possessed and cannot, therefore, be used in the same way as their paper equivalents. "This," said the IA, "was not an issue when technology did not exist to make electronic documents with the same relevant properties. However, technology has now developed which can provide an electronic equivalent of a paper trade document. The legal system has not kept pace with this technological development. The proposed legislation will correct this problem, allowing electronic trade documents to have the same legal effects as their paper equivalents. Without (primary) legislative change, trade will continue to be paper-based and thus more costly, complex, and time-consuming than it otherwise could be."

The IA assessed two options. Doing nothing, it concluded, would yield no additional benefits. Businesses would have to continue to deal with unnecessary costs, complexity and time delays (all of which have been exacerbated by the pandemic). Inaction could also diminish the primacy of English and Welsh Law as the governing law for international trade transactions, as traders may instead switch to using US or Singaporean laws to underpin their transactions. For many OIC countries with their historical, kith and kin, and diaspora relations with Britain, London as the global financial centre and the most proactive non-Muslim jurisdiction for Islamic financial transactions, including Murabaha and Sukuk, and the pre-eminence of English law as the governing law for the documentation of the above transactions in the international market, the implications could be important.
The chosen approach is to introduce primary legislation to recognise electronic trade documents on an equal legal footing to physical trade documents. "This allows for take-up according to the preference of firms and technology coordination across industries. Benefits include increased growth through improved trade efficiency."

However, the adoption of the Bill will not necessarily see a rush to electronic trade documentation migration. Nor will it be a panacea to seamless trade documentation, as some have claimed. Only those businesses, says the UK government, that see benefits as outweighing the costs will switch to using electronic trade documents. It is expected that once larger businesses and organisations make the switch, then smaller firms will soon follow. ETDB 2023, says its promoters, "is an incredibly important piece of legislation, small, succinct, and simple with just one clear aim – to allow the digitization of trade documents." Not surprisingly, there is no associated secondary legislation.

Monetised Benefits and Costs

These include:

i. The total costs saved by businesses that shift to electronic trade document systems, through saving on the costs and time associated with producing and handling these documents, or experience issues such as paper documents being lost or information being re-keyed incorrectly - which have until now been a significant cost to the business.

ii. The initial transition costs, for example, developing new internal processes, purchasing the required technological capabilities and training staff to use the new system.

iii. Familiarisation costs incurred by businesses, whether they ultimately adopt electronic systems or not.

iv. Ongoing costs associated with operating the electronic trade document systems, including continuous staff training and technology maintenance/upgrades.

Not surprisingly, there is no associated secondary legislation. The International Chamber of Commerce (ICC) is confident that the digitalisation of trade documentation is expected to lower transaction costs and promote greater efficiency, transparency and security in international trade. It stresses that there is a strong desire in industry to transition towards digitized ways of doing business.

Given the cross-jurisdictional nature of international trade, global legal reform is essential to facilitate the use of electronic trade documents. In recognition of this international coordination problem, the UN proposed a Model Law on Electronic Transferable Records (UNMLETR). However, whilst some smaller jurisdictions, such as Singapore and Bahrain, have enacted legislation consistent with the model law, no major economy is yet fully compliant. Given the extent to which international trade transactions (even those not involving the UK) are based on the Law of England and Wales, it is most likely that UK legal reform in line with UNMLETR would act as a model and significant catalyst towards global legal reform and the development of an electronic trade document ecosystem.

Under its 2021 G7 Presidency, the UK secured an agreement amongst G7 countries to work together to progress coordinated legal reforms in line with UNMLETR. The UK government commissioned the Law Commission of England and Wales to examine the provisions of UNMLETR and make recommendations on how to bring UK law into conformity, which has resulted in the current ETDB Bill. "This legislation is permissive and stipulates that business-to-business electronic trade documents which satisfy certain criteria should be treated as functional equivalents of their paper counterparts. The proposed reforms cannot be made in any other way than through primary legislation because there are no existing legislative powers which could be used to implement this measure to cover the range of trade documents covered by the Bill," said the IA.

Data Protection Adequacy

There is one other important implication, including for OIC/ICIEC member states dealing with or through institutions in the UK. On 18 July 2023, the UK and Türkiye announced plans to begin talks on an updated free trade agreement (FTA). The deal would replace the existing UK- Türkiye FTA, which was rolled over when the UK left the European Union and doesn't cover key areas of the UK economy like services, digital and data. The UK is the second biggest services exporter in the world – behind only the US, and the services sector contributes around 80% of the UK's GDP.

"Türkiye is an important trading partner for the UK," stresses British Business and Trade Secretary Kemi Badenoch, "and this deal is the latest example of how we are using our status as an independent trading nation post-Brexit to negotiate deals that are tailored to the UK's economic strengths."

Bilateral trade between Türkiye and the UK reached £23.5 billion in 2022 – up more than 30% from the previous year. "The new FTA is an opportunity to strike a 21st century deal that is better suited to the modern economies of both the UK and Türkiye, covering areas such as digital trade and services, and could also potentially lead to cheaper goods and more choice for UK and Turkish consumers," she added.

Türkiye is a major supplier of goods such as vehicles, clothing and electrical machinery and goods to the UK, which is its 4th largest goods export market, in return for £6.4 billion of UK goods exports, including power generators and metals.

In terms of data privacy and transfer, Türkiye could be a beneficiary of London's policy to grant prioritised countries data adequacy status so that UK-based organisations can transfer personal data to these countries without restrictions or safeguards, subject to them passing the impact assessment. South Korea is the latest country to be afforded this "Green Rated – Fit for Purpose" New International Data Transfers Adequacy status by the UK Department for Digital, Culture, Media (DDCM) and Sport after approval from the UK's Regulatory Policy Committee. The Status is considered fit-for-purpose for various business sizes, including small and micro businesses.

According to the DDCM, the status proposal aims to reduce barriers and burdens to organisations transferring personal data to the Republic of Korea while providing trust and confidence that all citizens' data rights are upheld. The proposal is expected to be net-beneficial to businesses as they would no longer be required to purchase International Data Transfer Agreements (IDTA) to send data to the above country.

Export, Insure and Thrive - KazakhExport Stresses the Integration of Islamic Finance into the National Agenda of Kazakhstan Can Lead to the Expansion of Credit Insurance

Mr. Aslan Kaligazin,
Chairman, Management Board,
KazakhExport

Of the six Central Asian Republics, Kazakhstan has enjoyed the most proactive partnership with the IsDB Group, having acceded to membership of the multilateral development bank in 1995 and of ICIEC in 2003. Since then, ICIEC has insured a total of US$7.2 billion for trade transactions in Kazakhstan. In addition, ICIEC, through its risk mitigation solutions – credit and investment insurance, guarantees and reinsurance - supports infrastructure development and projects in line with achieving the goals of the UN SDGs, the Paris climate agreement towards Net Zero and Kazakhstan's Green Growth agenda. The Corporation enjoys an excellent relationship with KazakhExport, the national ECA of Kazakhstan. Kazakhstan, blessed with natural resources, is also seeking to diversify its economy away from reliance on hydrocarbons, and to boost exports, especially non-commodity products, both to neighbouring Central Asian markets and beyond. The signs are of much greater support from KazakhExport to local manufacturers and exporters and cooperation with ICIEC. ***Mr. Aslan Kaligazin, Chairman of the Management Board of KazakhExport, in an exclusive interview****, discusses the importance of credit and investment insurance and cooperation with ICIEC as a driver of dynamic growth in the economy in an era of global trade tensions and economic uncertainties, and the supporting role of KazakhExport in accelerating the country's export ambitions.*

Aslan Kaligazin: The Export Insurance Company (KazakhExport) is a relative newcomer as an export credit agency established as a national company on 10th March 2017, whose sole shareholder is the National Managing Holding Company, Baiterek JSC. In the context of your Development Plan (2014-2023), what is the state of the credit and investment insurance culture in Kazakhstan, especially in a world in which new risks and uncertainties keep materializing?

We believe that in the face of the emergence of new risks and uncertainties, the culture of credit and investment insurance in Kazakhstan shows dynamic growth. I would like to note that within the framework of the National Development Plan (2014-2023) and with the forthcoming creation of an Export Credit Agency, KazakhExport made significant efforts to strengthen the credit and investment insurance culture and industry in the country.

In general, geopolitical and trade tensions around the world have affected many of the key markets for Kazakh exporters. However, such changes could also create opportunities for Kazakh businesses through economic diversification based on increased investment in the non-commodity sector. Therefore, it is important for exporting companies to improve the culture of trade insurance. This will ensure financial stability, protection against unforeseen losses and will promote the development of exports and investment.

In general, the growth of the culture of insurance and the level of risk management in companies, as well as the increase in the degree of confidence in development institutions on the part of exporters, have a positive effect on the development potential of KazakhExport, i.e. the potential involvement of Kazakh manufacturers in export activities will help increase the number of our company's clients and the volume of government support measures provided.

According to your own figures, the volume of your support for Kazakh exporters increased by 27% to 259.1 billion tenge (US$580 million) in 2022 compared to 90.2 billion tenge (US$237 million) in 2018. This suggests a low starting base, but a huge potential for business opportunities across several market segments. What are your priorities for 2023 and beyond in the context of your own business strategy and objectives and Kazakhstan's National Export Strategy and development agenda? What is the potential to increase the above figures substantially as the country accelerates its export strategy, its inward FDI requirements, especially to finance projects in key sectors, including mining, transport, agribusiness and infrastructure in general?

In 2023, KazakhExport will continue its main activities to support Kazakh exporters in the manufacturing sector, to implement sectoral measures for legislative improvement and present KazakhExport as a single operator for the promotion of non-commodity exports.

The main goal of the state policy in the field of exports is to diversify the export basket and ensure the growth of non-primary exports at a faster pace. As part of stimulating the export potential of Kazakhstan, as well as diversifying exports with a focus on high added value, a strategically important area of activity for KazakhExport will be strengthening of financial support for exporters.

As part of assistance in increasing the export potential, KazakhExport sets itself the goal of increasing the volume of supported non-commodity exports, which will be carried out through the implementation of such tasks as: expanding the range of services provided to support exporters and improving existing instruments of financial support for exports. To do this, we plan to constantly monitor the needs of the market, based on the needs of customers, taking into account the place and role of KazakhExport in supporting Kazakh exports. In general, in the implementation of the above goals, we see significant potential for a significant increase in the performance of our Company.

KazakhExport has built up a good relationship with ICIEC, which seems to be steadily increasing going forward. Can you outline your cooperation with ICIEC, especially the lines of business specific to your strategy, technical support, capacity building, risk management and future development?

The first Facultative Reinsurance Agreement (FRA) between ICIEC and KazakhExport was concluded back in 2015 under a financial leasing transaction for Azerbaijan Railways of mainline

locomotives of the TE33A Evolution type for a period of 7 years. ICIEC accepted 70% of the total insurance limit in the amount of US$5.6 million for reinsurance from KazakhExport.

Furthermore, during 2020-2021, painstaking work was carried out on the possibility of accepting documentary letters of credit insured by KazakhExport for obligatory reinsurance, which resulted in the conclusion in October 2021 of an obligatory agreement covered by 16 banks in Russia, Uzbekistan and Tajikistan - the first in the history of Kazakhstan – with ICIEC and KazakhExport each underwriting 50% of the risks respectively.

In October 2022, this agreement was extended with the inclusion of 21 banks in Uzbekistan, Kyrgyzstan, Tajikistan and Mongolia. As a result, for obligatory reinsurance in the period 2021–FH 2023, US$14.957 million in liability was transferred to ICIEC. In 2022, facultative reinsurance agreements for a 50% share each under letters of credit issued by the largest Tajik Amonat Bank from the total insurance limit of US$7,161,263 were concluded.

What can ICIEC and KazakhExport do more as individual entities in terms of enhancing your cooperation, whether in terms of cost of premiums, cost of finance, risk perception, product profile, capacity building and technical support?

ICIEC and KazakhExport can take a number of measures to expand cooperation and improve interaction between them. For example, ICIEC and KazakhExport can actively exchange information on markets, forecasts, risks and trends in relation to investment insurance and export credit. This will allow both organizations to better understand each other's needs and requirements and offer related products and services.

Another aspect is the guarantee of the best insurance premiums and financing - ICIEC may consider the provision of preferential conditions for insurance premiums for Kazakh exporters cooperating with KazakhExport. In addition, our organizations can work together to improve the risk assessment of investments and exports. It is also worth considering the development of new products and services that would meet the needs and requirements of Kazakh exporters and investors. This may include more flexible insurance terms, different types of financing, risk management tools and other innovative solutions.

In addition, we aim to expand cooperation in the field of reinsurance in export credit transactions with Arab countries. In general, the partnership between ICIEC and KazakhExport has the potential to improve insurance and financing conditions, reduce risks and provide more effective support for export development.

Private sector engagement is crucial. Embedding commercial opportunities and helping corporates and banks make a material difference to support positive outcomes in food security, climate change, energy transition and infrastructure building is something that risk mitigation tools can facilitate. Private sector engagement requires credit enhance-ment, which insurers such as ICIEC, KazakhExport are uniquely positioned to do so through their sustainability policies and accessibility to national and subnational bodies, which engage with climate action and food security agencies, projects and transactions. Do you concur and what are the priority areas which you are focusing on?

The trend towards sustainable development on a global scale is gaining momentum and creates new opportunities for exporters, new opportunities are opening in foreign markets. KazakhExport pays special attention to supporting sustainable development projects. Compliance with international standards in sustainable development applicable to ECAs is important both in terms of positioning KazakhExport on international platforms as a progressive ECA, and in terms of creating a positive image of Kazakh companies in foreign markets. For these purposes, KazakhExport will improve the environmental review and assessment of the environmental and social impacts of export projects, taking into account international standards enshrined in the OECD recommendations.

The development of its own expertise in the sustainable development agenda will allow the Company to expand international cooperation and participate in joint projects in the field of sustainable development with foreign ECAs and banks. Another important activity of KazakhExport will be the development of insurance support for responsible exporters, expressed in support of export projects related to reducing environmental impact and adaptation to climate change by providing more optimal conditions for insuring green projects, as well as expanding support for investments and export transactions of companies with a high level of ESG responsibility for the development of the "exports of the future".

De-risking solutions are important to act as an absorber and mitigator for transactions and projects and countries' sovereign risk or to address tenor mismatch with investors' appetite. Credit and investment insurance are essential for developing increased trade, and FDI flows. The opportunities are huge in ICIEC member states because the insurance premium market penetration and starting base are very low. I understand that Kazakhstan is currently looking at ways to achieve greater integration of Islamic finance into its mainstream national development agenda. What are the potential implications for the credit and investment insurance business?

Undoubtedly, Islamic finance is a rapidly growing service segment. The distinguishing principles of this sector are the examples it sets for all financial institutions. The main goals of Islamic banking are not limited to simply making a profit by any available means but are aimed

at establishing fair and mutually beneficial partnerships. In Kazakhstan, Islamic finance is at the stage of active development.

With proper regulation and governmental support, we can achieve high growth rates and effective implementation of Islamic financial instruments. Kazakhstan seeks to develop the Islamic finance industry to create alternative sources of finance. In this direction, the country is actively creating the necessary infrastructure and regulatory framework that meets the best international practices and standards.

In general, the integration of Islamic finance into the national agenda of Kazakhstan can lead to the expansion of the insurance market, the development of new products and the strengthening of ethical principles. It will also require training and adaptation in the credit and investment insurance industry in order to successfully implement Islamic financial instruments.

Looking ahead, how do you see the trajectory KazakhExport's relationship with ICIEC, the IsDB Group and with the credit and investment insurance business?

We are convinced of the great potential of joint projects implementation. We look forward to expanding our mutually beneficial partnership with ICIEC in the long term. Strengthening cooperation with ICIEC allows us to increase the financial strength and expand the Company's capabilities abroad, reducing the burden on the portfolio and increasing the coverage of supporting domestic exporters.

This provides Kazakh exporters and banks with high reliability of insurance coverage. We believe that it is necessary to focus on further growth in the volume of transfers to obligatory and facultative reinsurance as a part of KazakhExpor's portfolio, on instruments that comply with the rules of Islamic financing and insurance (Takaful).

A Landlocked Resource Rich Country with a Young Demography Unlocking the Development Potential of Vision "New Uzbekistan," Islamic Finance and Credit and Investment Insurance

In many respects, the Republic of Uzbekistan has a lot going for itself. The country has a diverse economy that has witnessed wide-ranging markets and some political reforms to increase jobs, exports and prosperity in the past few years.

Uzbekistan benefits from abundant natural and mineral resources, a relatively low public debt, a growing workforce, and a strategic geographic position between China and Europe on the historical and now rejuvenated Silk Road. It is a landlocked country, blessed with a young demography of 36.05 million people - by far the largest and most densely populated in the region accounting for 45% of Central Asia's total population.

The government of President Shavkat Mirziyoyev guided by its Vision "New Uzbekistan", has invested heavily in education and human capital development over the last decade or so, which has resulted in a workforce ready and arguably most suited in the region to meet the country's development challenges that lie ahead. The IMF projects Real GDP Growth to reach 5.3% in 2023, but if Uzbekistan's economy outperforms in the next two years, the growth trajectory could hit between 6% to 8%, respectively.

Like in many countries, the country's economic fortunes are beholden to the Ministry of

Finance's policy and ability in containing and fighting inflation (consumer prices), which is projected by the Fund at 11.8% in 2023. The good news is that the inflation rate has been flattening from 12.9% in 2020, with a downward trajectory reaching 10.8% in 2021, 11.4% in 2022, and projected to decrease to 6.5% in 2025.

Uzbekistan acceded to membership of the IsDB in 2003 but is a relative newcomer to the Shariah-compliant credit and investment insurance ecosystem, having become the 46th member of ICIEC only in 2019. Since 2003, the IsDB Group has approved a total of US$3.464 billion in development financing for Uzbekistan in different sectors, including transport, energy, water, sanitation, agriculture, education, finance, and health. Of this, over US$1 billion has been dedicated to the private sector and trade financing. As of 12 May 2023, the IsDB active portfolio comprises of 70 active operations for a total amount of US$1.931 billion.

To date, ICIEC has insured a total of US$758 million business activities in Uzbekistan, comprising US$495 million in trade and US$263 million investment-related transactions.

The above figures suggest that despite a huge proliferation of collaboration and financing in the last three years, the business activities and development cooperation between the IsDB Group and ICIEC with Uzbekistan, at best remains a "work in progress." However, the bilateral and regional strategy ahead is encouraging and augurs well for near-to-medium cooperation, underpinned by close cooperation between Uzbek state agencies such as Uzbekinvest, (UZIPA), and (UzSAMA). Not surprisingly, the IsDB and ICIEC consider Uzbekistan a strategic partner that can play an essential development role in the region.

To date, ICIEC has insured a total of US$758 million business activities in Uzbekistan, comprising US$495 million in trade and US$263 million investment-related transactions.

This includes Tashkent's stated desire to put export credit and investment insurance and guarantees firmly on the credit enhancement and risk management solutions map. Equally important is the fact that President Mirziyoyev's government has embarked on an ambitious policy to promote Islamic finance as part of its diversification of funding strategy. It has created a perfect storm for consolidating Shariah-compliant financing solutions as part of the overall financial services mix.

The future relations of the IsDB Group and ICIEC with Uzbekistan will be driven by the Group's Member Country Partnership Strategy (MCPS) for Uzbekistan, which was launched in May 2023 on the sideline of the 2023 IsDB Group Annual Meetings in Jeddah. The MCPS for Uzbekistan is a five-year strategy document (2022-2026) which focuses on two main pillars with three cross-cutting areas:

Pillar 1 focuses on Supporting Economic Transformation: The objective is to help Uzbekistan build a green, resilient and sustainable infrastructure that enables enhancing competitiveness, industrial and agricultural diversification of productive capabilities, supporting higher productivity, promoting exports, expanding formal-sector employment and strengthening the role of priority sectors that can generate high value added for the economy. In the implementation of this pillar, priority shall be given the supporting the private sector and promoting the business environment.

Pillar 2 focuses on Enhancing Human Capital and Enabling Environment:

The objective here is to support the economic transformation of the country by investing in human capital and improving welfare. The focus is also to improving access to healthcare and health outcomes, access to quality education in line with industry requirements, and mainstreaming the applications and use of ICT and digitalization across the board.

The cross-cutting areas include i) integrating the perspectives of women and youth, ii) supporting climate change mitigation and adaptation, and iii) focusing on long-term capacity development.

Another potentially key driver is the development of a Regional Central Asia Connectivity Programme by the IsDB Group in partnership with the Asian International Infrastructure Bank (AIIB), focusing on improving intra-and inter-regional connectivity. The rationale behind the initiative is that given Uzbekistan's landlocked geography, it is essential to boost regional integration and harmonize relevant legislation to enhance intra-regional trade and investments. The aim is to leverage technological tools to help build a future promoting connectivity, competitiveness, and innovation in Uzbekistan with the region.

ICIEC has repeatedly stressed the importance of investment in boosting GDP growth and enhancing development through increased productivity which are crucial for sustainable economic transformation. According to the World Bank, "investor confidence decreases when the direction of policymaking is unclear, uncertain or unpredictable." The best indicator of investor confidence is the ease of doing business in an environment conducive to political and macroeconomic stability as well as a transparent system of corporate governance.

Since the accession of Uzbekistan in June 2019 till end June 2023, ICIEC has been steadily building its portfolio with Uzbekistan. The data is implicit.

i. **Current Commitments in Uzbekistan reached US$36.81 million - 1.41% of total ICIEC Current Commitments.**

ii. **Exposure in Uzbekistan of US$350.161 million - 7.76% of total exposure.**

iii. **ICIEC Business Insured in Uzbekistan totalled US$719.36 million - 0.36% of total Business Insured, of which trade transactions accounted for US$456.21 million and investment insurance for US$263.14 million.**

iv. **New Commitments of ICIEC services for Uzbekistan totalled US$584.62 million – 0.5% of total New Commitments, of which trade transactions accounted for US$267.70 million and investment insurance for US$317.00 million.**

v. **The number of Uzbek entities that benefited from ICIEC's services totalled 24 -0.11% of the total number of entities benefitting from ICIEC services, of which the number of Insurance Policies issued to Uzbek entities was 1 (one), and the number of Uzbek buyers and banks covered by ICIEC reached 23 respectively.**

The future of Uzbekistan's engagement with ICIEC could be greatly enhanced if it were to increase its current very low equity subscription of 0.08% to ICIEC's capital, compared with Kazakhstan's 2.28%and Turkmenistan's 0.17%. One way Tashkent can do this is to commit and participate to the recent capital increase of ICIEC s approved by its Board of Directors at the Corporation's Annual Meeting during the 2023 IsDB Group Annual Meetings in Jeddah in May 2023.

One area ICIEC is destined to play a potentially important advisory and facilitating role is in Uzbekistan's ambitious privatisation process. ICIEC, in this respect, has recently signed a Memorandum of Understanding (MoU) with the State Asset Management Agency of the Republic of Uzbekistan (UzSAMA), whereby the two entities will collaborate in exchanging experiences and expertise in the privatization process, including that of the banking sector.

Both parties have committed to advancing their cooperation to attract potential investors for

privatized state assets in Uzbekistan. ICIEC is in contact with the PPP Development Agency and international banks to explore opportunities to support PPP projects in Uzbekistan's energy and healthcare sectors. ICIEC is cooperating with international banks for their lines of financing to Uzbek banks and entities.

De-risking Business Opportunities along the Silk Road Using Credit and Investment Insurance to Boost Exports, Development Projects, Interconnectivity and Green Growth

Meet **Oguz Aktuna,**
Acting Manager,
Asia Region Division, and
Business Development
Department, ICIEC

Of the six Central Asian countries – Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan - four have acceded to membership of ICIEC, with the remaining two, the Kyrgyz Republic and Tajikistan, expected to join imminently following active engagement between the Corporation and the respective governments. Central Asia is a region in transition. Since its extrication from the yoke of the Soviet Union, the republics have been navigating their pathways to economic and societal prosperity based on their respective development agendas. While this journey has at times been difficult at times both at home, in the region and amid global economic uncertainties, the region's collaboration with the IsDB Group and ICIEC has shown huge potential in national advancement, regional interconnectivity and intra-OIC trade and investment. ***Oguz Aktuna*** *explores the opportunities and challenges that lie ahead.*

The first country I travelled to in Central Asia was Kazakhstan in 2011. It was on a mission to discuss and the subsequent implementation of the IsDB Group's Member Country Partnership Strategy (MCPS) for Kazakhstan.

By then, Kazakhstan was the only ICIEC Member State in the region. In the last twelve years, we made numerous visits to the region, some of them with the CEO Mr. Oussama Kaissi to invite the central Asian countries to accede to membership of ICIEC. Often colleagues from the Underwriting and Legal Affairs departments accompanied us to deliver due diligence reports and documents of different transactions and sometimes to attend seminars and conferences.

Two common characteristics of ICIEC Member States in Central Asia are that they are former Soviet Union countries and are landlocked. At the same time, they are rich in hydrocarbon and mineral resources. Therefore, their economies are mainly built on the revenues of such resources. Not surprisingly, their governments have been aiming to diversify their economies. In this respect, they are keen to promote private sector development and exports.

In order to attract Foreign Direct Investment (FDI), they have passed new investment laws or improved the existing legal and regulatory frameworks and have established Investment Promotion Agencies (IPAs) such as AZPROMO, UZIPA, and KazakhInvest.

These Members States of ICIEC also follow their National Development Strategies to achieve a diversified economy. As such, they actively cooperate with MDBs such as the IsDB Group, the European bank for Reconstruction and Development (EBRD), Asian Development Bank (ADB), the World Bank (IBRD), the Asian International Infrastructure Bank (AIIB), and International Financial Institutions (IFI) to find innovative solutions and expand the sources of funding for projects in agriculture, infrastructure, energy, healthcare, education, transportation, climate change, food security, and so on.

As an alternative to funding projects from their national budgets, Azerbaijan, Kazakhstan, Turkmenistan, and Uzbekistan developed their own Public Private Partnership (PPP) legislation frameworks to attract foreign direct investors and IFIs in government projects. Although the application stages of the PPP differ from country to country, all will have projects funded by this method soon. As a priority of the governments, Central Asian Member States have been heavily investing in education and human capital development, and consequently, they possess a growing cadre of young and well-qualified human resources.

Regional Connectivity

Regional cooperation is increasing among these countries, and joint funds and institutions/ companies are being established for the common development of their economies. Cooperation also has a geographical perceptive and background. Central Asian countries are all neighbouring states, and they are on the historical Silk Road.

With the rise of East-West trade, due to the congestion of the seaports in the East and the progress of the Central Asia Regional Economic Cooperation Programme, Central Asian countries are becoming a centre of focus, and they cooperate in building new and upgrading the existing transport infrastructure and connectivity, including railways and ports on the Caspian Sea for an efficient and short route to European markets.

Being neighbours to Russia and/or having export-import relations established during the Soviet Union era, Central Asian states face difficulties due to the war in Ukraine and the resulting sanctions on Russia. Consequently, in several cases, they are forced to find new clients in foreign markets to export to. In line with their strategies to support non-mineral exports, some have established their own Export Credit Agencies (ECAs) with whom ICIEC has been cooperating in providing reinsurance services, such as KazakhExport and UzbekInvest. The volumes of exports insured by these entities are increasing as exports increase year-on-year.

At ICIEC, we are confident that as an exporter of agricultural commodities, livestock, and processed food, Central Asia can and will cater to the needs of the world in terms of food security. ICIEC has been closely following the Central Asian region's needs in trade credit and investment insurance and guarantees to provide on-time and high-quality service to its Member States there as it does in all its 49 Member States. As the number and volume of transactions from the region are increasing, ICIEC has decided to

have a physical presence on the ground and has recently appointed staff to its Regional Hub in Almaty, Kazakhstan.

ICIEC and Kazakhstan

Kazakhstan joined ICIEC as a Member in 2003 – its oldest Central Asian Member State. Since then, ICIEC has insured a total of US$7.2 billion for trade transactions in Kazakhstan. This total can be broken down into US$3.1 billion in cover for the import of strategic goods into Kazakhstan and US$4.2 billion in cover exports from Kazakhstan.

ICIEC's portfolio includes transactions related to imports of excavators and dump trucks from Japan for the mining industry as well as other types of capital goods and strategic goods for other industries. On the export side, ICIEC is supporting the export of locomotives, electronic goods, and other manufactured goods. ICIEC's involvement in trade transactions helps Kazakhstan's manufacturing, mining, and other sectors in increasing production capacity and securing new jobs. Diversification of the economy is a major goal of the Government of Kazakhstan as the major source of revenue is from hydrocarbon exports.

In line with ICIEC's priority to cooperate with the national ECAs of Member States and help them support their countries' exports, ICIEC has maintained an excellent relationship with KazakhExport, signing an MoU for cooperation in 2014. The MoU promotes cooperation and expands the insurance capacity of both institutions. In 2015 and 2023, ICIEC extended US$25 million in reinsurance support to KazakhExport for the export of locomotives to Azerbaijan Railways. In 2021, ICIEC concluded a Facultative Reinsurance Agreement with KazakhExport for exports to Uzbekistan, Tajikistan, and other countries.

ICIEC is closely following the PPP projects in Kazakhstan and is in contact with foreign investors, the Kazakhstan PPP Centre, and international banks to support PPP projects in the country. ICIEC is also working with its IsDB Group peers IsDB, ITFC, and ICD to enhance the Group's synergy and expand joint operations in Kazakhstan.

ICIEC and Turkmenistan

Turkmenistan became an ICIEC Member in 2019. In 2022, ICIEC provided US$40 million in insurance coverage to ING Bank for a financing facility in Turkmenistan for the purchase of Komatsu earthmoving machinery from Japan for the development of the country's agriculture sector. The seven-year insurance cover mitigates non-payment risk and comes under ICIEC's Non-Honouring of Sovereign Financial Obligation (NHSFO) Policy. The facility was extended to the Government of Turkmenistan through the State Bank for Foreign Economic Affairs (TFEB).

Agriculture is a significant economic sector in Turkmenistan. The imported machinery will be used to build and maintain irrigation canals in the agricultural regions. This will help the economy to diversify from dependence on the hydro-carbon sector. The development impact of the facility and insurance coverage is wide-ranging. It includes reducing Turkmenistan's exposure to volatile commodity prices, diversifying the economy and exports, stabilizing import substitution and balance of payments, improving food self-sufficiency and the efficiency of the agriculture sector by providing the latest irrigation technology, thus increasing yields, and promoting the rational use of water resources and the provision of clean water.

The facility is in support of five U.N. SDGs, namely achieving Zero Hunger (SDG2) through food security, improved nutrition, and sustainable agriculture, provision of Clean Water and Sanitation (SDG6), promoting Responsible Consumption and Production (SDG12), contributing to Climate Action (SDG13) and forging Partnerships for Sustainable Development (SDG 17).

Similarly, in 2022, ICIEC provided US$20 million in insurance coverage to ING Bank (Tokyo Branch) for a financing facility to Turkmenistan to buy Toyota taxis, buses, and minibuses supplied by Sumitomo Corporation. The vehicles will be used for intra and intercity transportation in Ashgabat and throughout Turkmenistan and will help ease congestion.

The seven-year insurance cover mitigates non-payment risk and comes under ICIEC's Non-Honouring of Sovereign Financial Obligation Policy. The financing facility was similarly extended to the Government of Turkmenistan through the State Bank for Foreign Economic Affairs (TFEB).

The transport infrastructure is an important part of the development of the economy. In 2020, transport contributed 4.5% to the country's GDP. Roads are the predominant mode of transport in Turkmenistan, carrying roughly 86% of total freight volume and about 60% of total passengers. Throughout the country, existing roads are being upgraded, and new roads are being built. The vehicle fleet is also being upgraded with the purchase of new buses, trucks, and taxis.

The transport sector plays a vital role in Turkmenistan, which is becoming a key transit country in Central Asia under the Central Asia Regional Economic Cooperation Programme. The efforts to provide better links to and within Turkmenistan are expected to lead to more jobs, higher incomes, and less poverty throughout the country.

The facility is in support of three U.N. SDGs, namely achieving Decent Work and Economic Growth (SDG8) through promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, Industry Innovation and Infrastructure (SDG9) through building resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation, and Sustainable Cities and Communities (SDG11) by making cities and human settlements inclusive, safe, resilient, and sustainable.

Since Turkmenistan's membership accession to ICIEC in 2019, the Corporation has contributed to promoting foreign direct investment and expanding the country's export base. ICIEC stands ready to support Turkmenistan by mitigating political and commercial risk for trade and investment through the provision of its Shariah-compliant insurance solutions for banks, corporates, export credit agencies, and other insurers. ICIEC prioritizes support for projects that contribute to Turkmenistan's strategic development goals.

ICIEC and Uzbekistan

Uzbekistan joined ICIEC as a Member in 2019. ICIEC has insured a total of US$758 million business activities in Uzbekistan to date, comprising US$495 million in trade and US$263 million investment-related transactions.

In the telecommunications sector, ICIEC provided a total cover of US$50 million for transactions between two of China's largest telecom equipment manufacturers and Uzbekistan's state-owned telecom operator. ICIEC's support enabled Uzbekistan to facilitate growth in its telecom sector and aligned with the Government's National Development Strategy for 2017-21.

In energy investments in Uzbekistan, ICIEC provided US$60 million in support for Uzbekistan's energy generation and transmission investments in a transaction signed on 11 April 2022. In the five-year deal, ICIEC provided political risk insurance (PRI) coverage for Hidro Enerji to make an equity investment of US$40 million in Odas Enerji CA, Uzbekistan.

This is a special purpose vehicle (SPV) for the Engineering, Procurement, and Construction (EPC) of a 174-megawatt combustion engine combined cycle power plant in the Khorezm region of the country. The project is estimated to generate US$20 million of revenues under a Power Purchase Agreement (PPA) signed with the Government of Uzbekistan.

The equity investment insurance is against three risks (breach of contract, expropriation, and transfer restriction) and follows an investment agreement signed by Odaş Enerji and the Government of Uzbekistan (represented by the Ministry of Investment and Foreign Trade). The investment aims to improve energy infrastructure, increase energy efficiency, reduce power outages in the Khorezm region, support employment and economic growth, and contribute to the government's industrialization and import substitution ambitions.

ICIEC has been active in supporting the mining and metals industry in Uzbekistan. ICIEC extended EUR30 million reinsurance support to EXIAR (the Russian ECA) for the construction of the Tashkent Metallurgical Factory, which will produce steel for the automotive industry and create over 600 jobs.

In 2022, ICIEC provided a US$75 million cover in support of Uzbekistan's vital mining capital expenditures. The five-year deal provided cover to ICBC Standard Bank (UK), for non-payment risk in a syndicated financing facility for Navoi Mining and Metallurgical Company (NMMC) in Uzbekistan. NNMC will use the funds for capital expenditure purposes.

NNMC is specifically involved in the production of precious metals. Gold is Uzbekistan's major export, and the mining industry provides a major source of growth to the economy, which was impacted by the pandemic. The project aims to help with the government's industrialization and sustainable mining efforts. NMMC currently supports the economy as it contributes to increasing tax and dividends amounting to around 20% of GDP, helping to narrow the budget deficit.

ICIEC provided a non-payment cover to ICBC Standard Bank using its Non-Honouring of Financial Obligation by a State-Owned Enterprise (NHFO-SOE) policy. Through the creation of direct and indirect jobs and the modernization of mining equipment, the project is contributing to two of the UN Sustainable Development Goals (SDGs). These include SDG8 (improving sustained, inclusive economic growth and decent and productive employment), and SDG9 (improving industry, innovation, and infrastructure by building resilient infrastructure, fostering innovation, and promoting inclusive and sustainable industrialization).

ICIEC has also been active in financing the agriculture, SME, and banking sectors in Uzbekistan. Since 2020, ICIEC provided insurance coverage to international financial institutions for their lending to banks in Uzbekistan, such as Sanoat Qurilish Bank (SQB), Agrobank, Mikrokreditbank, and Asakabank. The banks further on-lend to the agricultural sector, SMEs, and clients for trade financing purposes.

By facilitating investment in strategic sectors, ICIEC promotes FDIs as well as financings, thereby supporting Uzbekistan's specific development goals. In August 2021, ICIEC, Uzbekinvest, the Export-Import Insurance Company of Uzbekistan, and Uzbekinvest International Insurance Company Ltd (UK) signed an MoU supporting cooperating in expanding the insurance capacity of the institutions. In June 2021, ICIEC signed another MoU with the Investment Promotion Agency (UZIPA) under the Ministry of Investments and Foreign Trade to cooperate in attracting FDI

into the country.

Similarly, on 20th July 2023, ICIEC and the State Asset Management Agency of the Republic of Uzbekistan (UzSAMA) signed an MoU, whereby the two entities will collaborate in exchanging experiences in the privatization process. Both parties have committed to advancing their cooperation to attract potential investors for privatized state assets in Uzbekistan. ICIEC is in contact with the PPP Development Agency and international banks to explore opportunities to support PPP projects in Uzbekistan's energy and healthcare sectors. ICIEC is cooperating with international banks for their lines of financing to Uzbek banks and entities.

ICIEC and Azerbaijan

Azerbaijan acceded to ICIEC Membership in 2023. To date, ICIEC has insured a total of US$104.8 million in business activities, comprising US$59.5 million in trade and US$45.2 million in investment-related transactions in Azerbaijan.

ICIEC is working closely with the Government of Azerbaijan to support economic and social infrastructure projects in trade, agriculture, infrastructure, healthcare, education, renewable energy, water, sanitation, transportation, and urban development. ICIEC supports Azerbaijan's 2030 National Priorities for Socio-Economic Development Plan by promoting sustainable economic growth and high social welfare through its financing and insurance in line with the Government's priority of building a country of "Green Growth" and a clean environment.

ICIEC's presence as a partner provides a measure of reassurance and encouragement to potential investors seeking opportunities in Azerbaijan. The investment projects provide employment, enhanced, modern and efficient infrastructure, and better quality of life for citizens.

In Kazakhstan, ICIEC insured trade transactions amounting to US$7.2 billion. It also provided US$60 million in insurance coverage to ING Bank for financing facilities in Turkmenistan. In Uzbekistan, ICIEC covered business activities worth US$758 million, and in Azerbaijan, ICIEC insured business activities totaling US$104.8 million.

Paper Manufacturing
Saudi Arabia

On 1st April 2023 ICIEC issued a US$52 million Comprehensive Short-Term Policy (CSTP) in favour of Juthor Paper Manufacturing Co. (JPMC), a member of the MEPCO Group in Saudi Arabia.

JPMC, which is based in the King Abdullah Economic City, is the Middle East's leading paper manufacturer with a comprehensive range of products spanning facial tissues, pocket tissues, napkins, toilet paper, kitchen towels and C-fold products, utilizing state-of-the-art technology and facilities.

The CSTP, which is a credit insurance product aimed at corporates, protects the company's balance sheet, and insures export sales against commercial and political risks ranging from non-payment of obligations, delays of payments due to foreign exchange restrictions, political tensions, civil unrest and expropriation. The CSTP for Juthor Paper Manufacturing Co has a tenor of 365 days and gives a 90 percent coverage of the policy amount and covers clients (buyers and distributors) of JPMC in several countries.

The CSTP was issued to Juthor after the company approached ICIEC seeking its support in covering JPMC's open accounts sales in the domestic Saudi market and in several other markets in the GCC, Europe and some African countries. ICIEC duly obliged with the relevant policy and advice on the right credit decision. The multilateral insurer is duly underwriting JPMC's buyers and distributors after a thorough assessment and due diligence on each counterparty.

The development impact of the ICIEC-backed facility and the JPMC plant and manufacturing activity are "closely" aligned to the UN Sustainable Development Goals (SDGs) - Goal 8, which promotes decent work and Economic Growth, and Goal 9, which supports industry, innovation and infrastructure development. At the same time, they are also aligned with JPMC/MEPCO's sustainability agenda and Saudi Vision 2030, which has environmentally and socially responsible business practices among its key priorities underpinning the Kingdom's stated policy of transitioning to Net Zero by 2060.

Mobilizing funds for large capital-intensive infrastructure projects in ICIEC Member States, such as building bridges, airports, and state-of-the-art medical facilities, and improving access to finance for SMEs and encouraging infrastructure investments through risk mitigation instruments for banks and medium/long-term financing, are core components of ICIEC's operational strategy. In 2022, ICIEC supported US$427 million in trade and investment related to the infrastructure sector.

Similarly, they are also closely aligned with ICIEC's own sustainability strategy, which is based on the firm belief that trade and investment facilitation is an effective vehicle to achieving the SDGs. ICIEC contributes to the achievement of the SDGs in three keyways. Firstly, it contributes to the Islamic Development Bank Group's 10-Year Strategy (2015–2025), which is aligned with the SDGs. Secondly, the ICIEC mandate is to support sustainable economic development in its Member States through the provision of its services. Thirdly, ICIEC acts as a catalyst for mobilizing private sector capital and directed towards achieving the SDGs.

Packaging and Trading **Lebanon**

On 1st May 2023, ICIEC issued a US$10.5 million Global Alliance Policy (GAP) in favour of Middle East Packing and Trading Limited (MEPTICO), Lebanon's leading food manufacturing and processing company.

With over a 50-year operating history, MEPTICO produces high-quality food and beverages while maintaining the highest safety standards with its customers and suppliers. Its products are exported to Jordan, UAE, Europe and some African countries. Indeed, fronting the MEPTICO business is the Global Alliance Policy which aims to ensure that the business practices and processes comply with the highest accountability and transparency standards.

The GAP is a type of Trade Credit Insurance (TCI) that covers all or a substantial part of a vendor's sales. Whole turnover insurance typically covers only short-term trade credit, with the policyholder agreeing to insure all its accounts receivable worldwide or all its receivables in a particular region or with a particular customer. TCI is a method for protecting a business against its commercial customers' inability to pay for products or services, whether because of bankruptcy, insolvency, or political upheaval in countries where the trade partner operates.

ICIEC's GAP-linked TCI has a tenor of 180 days, with up to 90 percent of potential losses covered. The policy is aimed at corporates and protects the company's balance sheet and insures export sales against commercial and political risks ranging from non-payment of obligations, delays of payments due to foreign exchange restrictions, political tensions, civil unrest and expropriation. The TCI covers clients (buyers and distributors) of MEPTICO in several countries, including Jordan, UAE, Europe and some African states.

ICIEC's role was to facilitate the issuance of the Trade Credit Insurance policy under the GAP arrangement in order to support export sales on an open account basis. By having this policy, MEPTICO will be able to safely increase their sale.

The development impact of the ICIEC-backed facility and the MEPTICO plant and manufacturing activity are "closely" aligned to the UN Sustainable Development Goals (SDGs) - Goal 2, which promotes Zero Hunger, Goal 3, which supports good health and wellbeing, and Goal 8 which promotes decent work and economic growth.

SDG Goal 2 envisages that by 2030, agricultural productivity and incomes of small-scale food producers would be doubled, in par¬ticular those of women, indigenous peoples, family farmers, pastoralists, and fishers, including through secure and equal access to land, other productive resources, and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment. It also requires an increase in investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks to enhance agricultural pro¬ductive capacity in developing countries, mainly least developed countries.

Between 2019-22, ICIEC enhanced agricultural productivity through the facilitated import of agricultural machinery and access to financial services. Total agricultural business insured by ICIEC in the Member States totalled US$137 million, and agricultural support provided to LDMSs totalled US$104 million.

By facilitating MEPTICO's access to wider markets, will serve the Zero Hunger goal, increase the productivity of the company, and promote a better work environment culture. Similarly, SDG Goal 3 targets achieving universal health coverage, including financial risk protection, access to quality essential healthcare services, and safe, effective, quality and affordable essential medicines and vaccines for all. ICIEC's contribution aims at improving access to quality essential healthcare services through insuring foreign investments in health infrastructure, otherwise deemed too risky. Between 2019-22, ICIEC's health sector business insured in the Member States totalled US$1,274 million.

SDG Goal 8 prioritises sustainable per capita economic growth in accordance with national circumstances and, in particular, at least 7 percent gross domestic product growth per annum in the least developed countries. It also targets achieving higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value added and labour-intensive sectors. SDG Goal 8 also envisages countries achieving by 2030 full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

ICIEC's contribution aims at increasing economic productivity, growth, and employment

creation by facilitating strategic investments in LDMCs and promoting export businesses to grow internationally. In this respect, total ICIEC DCIP and BMP supported in LDMSs reached US$3,998 million between 2019-22, During the same period business insured in Member States' labour intensive sectors totalled US$256 million, and ICIEC supported LDMS labour-intensive sectors reached US$130 million, respectively.

Agricultural Development
West Bank, Palestine

On 11th May 2023, ICIEC, in a landmark transaction, issued a US$7.6 million Risk Sharing of Foreign Investment Policy (RSFIP) in favour of Nakheel Palestine for Agricultural Investment (Nakheel) – the Corporation's first transaction in the Occupied Palestinian Territories. The transaction marks the first partnership between ICIEC and the Multilateral Investment Guarantee Agency of the World Bank Group (MIGA) for a project in the West Bank, Palestine. MIGA is the administrator for the West Bank and Gaza Investment Trust Fund (WBGTF) on behalf of its sponsors, the Palestinian Authority and the Government of Japan. This latest transaction covers foreign investments into a flagship Dates Farm Project in the West Bank, Palestine. The guarantees, enabled by the WBGTF, were issued to Palestine Development and Investment Company, Ltd. (PADICO) of Liberia (US$10.38 million), Siraj Fund 1 (US$4.05 million), and Siraj Fund Management Company (US$2.18 million). ICIEC is providing risk participation (akin to reinsurance) for the guarantee that was issued to PADICO.

The guarantees cover these investors' equity investments in Nakheel Palestine for Agricultural Investment against the risks of expropriation, war and civil disturbance, including temporary loss of income, for a period of up to 5.5 years. Nakheel specializes in the production and sale of high-quality dates. The Nakheel project includes seven farms, a packaging facility for post-harvest handling of dates, a sorting and grading house, a cold storage facility, and a rooftop solar power plant – all located in the West Bank.

ICIEC provided coverage for equity investments in Nakheel, which is based in Jericho on the West Bank in Palestine, against the risks of expropriation, war and civil disturbance, including temporary loss of income. The maturity of the facilities falls on 31 December 2028. Nakheel is the number one domestic producer of high-quality Mejdool and Barhi dates, with a local market share of 20 percent.

The Nakheel Project's main objective is to cultivate date palm trees and produce and sell high-quality dates to cover the demand in the local market while also expanding in the international markets. Since 2018, Nakheel has exported around 60 percent of its production annually to customers in ICIEC member states and in non-member countries.

ICIEC is the risk-sharing partner (akin to reinsurance) relating to the guaranteed contract issued by MIGA to cover risks of expropriation, war and civil disturbance, including the temporary loss of income. The guarantees, enabled by the WBGTF, were issued to Palestine Development and Investment Company, Ltd. (PADICO) of the Republic of Liberia (US$10.38 million). ICIEC is providing reinsurance for the guarantee to PADICO. The investment covers the operations of (i) the farms, (ii) the packaging facility that serves post-harvest handling of dates, (iii) the sorting and grading house, (iv) the cold storage facility, and (v) the rooftop solar power plant on top of the packaging, sorting, and grading facilities located in the West Bank. The intervention of ICIEC and MIGA relates to additional equity investments into Nakheel Palestine for Agricultural Investment Project by, among others, Palestine Development and Investment, Ltd. (PADICO) of Liberia. In addition to strengthening the dates production capacity of the Palestinian Territories, generating employment, and integrating gender action plans, the collaboration and joint support of ICIEC and MIGA as multilateral partners demonstrating UN SDG 17 Partnership .

The development impact of the ICIEC/MIGA-backed guarantees and the Nakheel agricultural project are "closely" aligned to the UN Sustainable Development Goals (SDGs) – Goal 1, No Poverty, stressing access to basic human needs of health, education, and sanitation, Goal 2, which promotes Zero Hunger, Goal 3, which supports good health and wellbeing, Goal 8 which promotes decent work and economic growth, and Goal 17, which stresses the importance of collaboration through partnerships.

Goal 17 - Partnership for the Goals, targets the mobilization of additional financial resources for developing countries from multiple sources, so as to significantly increase the exports of developing countries, in particular, to double the least developed countries' share of global exports by 2030. ICIEC's contribution is reflected in its financing and underwriting aimed at improving access to finance for SMEs and infrastructure investments through risk mitigation instruments for banks and medium/long-term finance. In this respect, in the 2019-2022 period, business insured by ICIEC of national ECAs in Member States totalled US$5,996 million, including US$57 million of business insured for the national ECAs in LDMSs.

The development impact and expected outcome of the Nakheel Project and the ICIEC/MIGA intervention are implicit. The Project aligns with the ICIEC priority area of supporting the IsDB Group's Food Security Response Program (FSRP) to which ICIEC pledged US$500 million in insurance capacity over the July 2022-end 2025 period, and with achieving SDG2 relating to food security, promoting sustainable agriculture, empowering small farmers, promoting gender equality, ending rural poverty, ensuring healthy lifestyles, and contributing to generating foreign exchange earnings for the Palestinian economy by exporting 60% of its production to the international market.

The Nakheel project also has a crucial social inclusion dimension. It is considered a critical employer in a region hard hit by unemployment and poverty where most of the population makes a living from agricultural and dates cultivation sectors. Nakheel employs 74 permanent and 741 temporary employees, of which around 30% are women, and 60% of the employees come from low-income families.

Procurement of Strategic Goods
Sub-Saharan Africa

On 11th January 2023, ICIEC signed an agreement with Bank of Africa (UK Limited) to provide a US$23.5 million Bank Master Policy - Conventional Financing to cover the non-payment risk of obligors procuring fertilizer and related agricultural inputs from ICIEC Member States. In this particular transaction, the goods were imported from various ICIEC Member States, and the Obligor was based in the UAE.

The Bank Master Policy is typically used to support the financing of the procurement of strategic goods, fertilizers, petrochemicals, steel, and agricultural commodities to and from ICIEC Member States. ICIEC's Bank Master Policy (BMP) is a flagship credit insurance solution for banks and financial institutions that provides financial institutions the confidence and ability to offer conventional trade financing to corporates engaged in the export and import activities with ICIEC Member States, the policy is for a one year period which covers upto 90% the principal loan amount against potential losses.

The Bank Master Policy (BMP) Conventional Finance is a single/multiple (portfolio) risk non-payment policy which provides credit enhancement to conventional banks or financial institutions. The policy is designed to facilitate conventional trade finance loans, the purpose of which is to promote trade transactions that fall within the scope of ICIEC's mandate of promoting the exports of Member States, supporting the bilateral trade between Member States therefore intra-OIC exports and imports, and the procurement of strategic goods by a Member State.

The cover facilitates financing by conventional lenders towards trade transactions involving either exports from ICIEC Member States and/or import of strategic goods by ICIEC Member States. The BMP being offered to non-Member States banks is also expected to increase strategic exports/imports from Member States for fertilizer, petrochemicals, steel and agricultural commodities.

The development impact of the ICIEC-backed facility is "closely" aligned to the UN Sustainable Development Goals (SDGs) - Goal 12, which promotes responsible consumption and production, and Goal 15, which supports Life on Land. Similarly, they are also closely aligned to ICIEC's own sustainability strategy, which is based on the firm belief that trade and investment facilitation is an effective vehicle to achieving the SDGs. ICIEC contributes to the achievement of the SDGs in three keyways. Firstly, it contributes to the Islamic Development Bank Group's 10-Year Strategy (2015–2025), which is aligned with the SDGs. Secondly, the ICIEC mandate is to support sustainable economic development in its Member States through the provision of its services. Thirdly, ICIEC acts as a catalyst for mobilizing private sector capital and directed towards achieving the SDGs.

Gross utilization of ICIEC support since inception reached US$189.90 billion from 138 countries, of which ICIEC Member States reached US$138.31 billion. A key priority of ICIEC is supporting intra-trade and intra-investment among OIC Member States. In 2022, ICIEC supported a combined US$6.11 billion of intra-trade and intra-investment among OIC states, representing a 36% increase as compared to the previous year. Out of that figure, US$5.34 billion represented intra-OIC trade among OIC states, and US$0.77 billion represented intra-investment among OIC states.

The transaction also falls within the scope of promoting trade and investment between Arab and African countries under the Arab African Trade Bridges (AATB) Program, of which ICIEC is the insurance lead, and the Africa Co-Guarantee Platform (CGP), comprising six members, including ICIEC, AfDB, ATI, AUDA-NEPAD, GuarantCo (part of PIDG, the Private Infrastructure Development Group), and Afreximbank, which is committed to better leverage guarantee and insurance products to de-risk investment, resulting in more trade and investment across Africa.

Q2 2023 was a busy and proactive period for ICIEC, coinciding with the 2023 IsDB Group Annual Meetings in Jeddah, Saudi Arabia, which was held between 11-13 May and during which the Corporation signed several MoUs and deals.

ICIEC Follows Up on US$300m of Trade and Investment Insurance Deals and MoUs Signed During IsDB Annual Meetings in Jeddah in May 2023

The 2023 IsDB Group Annual Meetings in Jeddah focused on the theme "Partnerships to Fend Off Crises." The ICIEC, a Shariah-compliant insurer of the IsDB Group, played an active role in the Private Sector Forum (PSF) and finalized several agreements and MoUs with member states.

CEO of ICIEC, Mr. Oussama Kaissi, met with official delegations to discuss enhancing cooperation by offering credit and investment insurance solutions. These discussions aimed to tackle challenges such as climate change, food insecurity, energy transition, health disparities, and the digital divide. They were geared towards supporting member states in achieving the UN 2030 SDG agenda and the Paris Climate Agreement goals.

Throughout the Annual Meetings, ICIEC entered into agreements that totaled US$300 million in insurance policy cover. Among these agreements: a collaboration with the Mauritania Investment Promotion Agency (APIM) to identify investment projects, a partnership with FAGACE to boost foreign and domestic investments by guaranteeing associated risks, an agreement with Arab Contractors (AC) to encourage investment and de-risking solutions in Egypt and other member countries, and an MoU with "Microcreditbank" (MKBANK) to bolster trade and investments in Uzbekistan.

Furthermore, Mr. Kaissi conversed with delegation heads from various member states, focusing on improving cooperation across sectors, promoting FDI, and leveraging ICIEC's de-risking and guarantee solutions.

ICIEC's Reports Strong Growth and Performance in 2022 in Pursuit of UN SDG Agenda and Paris Climate Agreement But 2023 Remains a Critical Year Defined by a New Paradigm of Decarbonisation, Regeneration, Food Security

In Jeddah, during the 2023 Annual Meetings of the Islamic Development Bank Group, ICIEC had its 2022 Annual Report and Audited Financial Statements approved. The report emphasizes ICIEC's robust operational resilience amidst global challenges, boasting a 19% increase in insured trade and investment transactions for 2022, amounting to US$ 11.6 billion. Furthermore, the Corporation reported a 27% uptick in business commitments from the prior year, reaching a total of US$ 4.0 billion.

ICIEC's continued efforts to support post-pandemic recovery in its Member States are evident, with allocations of US$ 1.4 billion. This sum is broken down into US$ 528 million for the healthcare sector, US$ 824 million for essential commodity imports, and US$ 62 million earmarked for SMEs impacted by the pandemic's economic fallout. Another notable highlight is the Corporation's consistent performance in the Credit and Political Risk Insurance sector, maintaining its Moody's "Aa3" rating for 15 successive years.

The 2022 report underscores the ICIEC's focus on food security and energy transition, insuring business ventures worth billions across multiple continents. As part of its expansion strategy, the ICIEC has welcomed the Maldives into its fold, bringing the membership tally to 48 states by the end of 2022.

ICIEC Signs Bank Master Policy to Cover Non-Payment Risk of ICD's Trade-based Obligors in Common Member States

Jeddah, KSA, ICIEC, signed a comprehensive non-payment insurance contract with the Islamic Corporation for the Development of the Private Sector (ICD), the private sector funding arm of the IsDB Group, whereby ICIEC will provide credit insurance cover through its Bank Master Policy (BMP) to ICD clients to cover the non-payment risk of trade-based obligors in IsDB Group member states.

The BMP was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Eng. Hani Salem Sonbol, Acting CEO of ICD, under the aegis of the IsDB Group Private Sector Forum themed 'Partnerships to Fend Off Crises' at the 48th Annual Meetings of the Board of Governors of the IsDB on 10-13 May 2023 at the Ritz-Carlton Hotel in Jeddah, Saudi Arabia.

At the signing of this BMP, ICIEC and ICD also concluded the first policy approval under the BMP of €10 million to cover ICD's financing to Banque Malienne de Solidarite (Mali) under a Wakala structure wrapped with 12 months Murabaha facility. The BMP is a general framework agreement which will be governing the partnership between ICD and ICIEC in the coming years.

ICIEC Signs US$42m Reinsurance of Documentary Credit Insurance Policy Agreement with Saudi EXIM Bank

Jeddah, KSA, ICIEC, a member of the Islamic Development Bank (IsDB) Group, signed a US$42 million Facultative Reinsurance Agreement with the Saudi EXIM Bank (Saudi EXIM) for a Documentary Credit Insurance Sub-Policy Limit in favour of Riyad Bank with a tenor of up to 12 months. The signing ceremony was held in Jeddah, Saudi Arabia, on the sidelines of the IsDB Group Annual Meetings, by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Mohammed Al-Besher, Director General of the Insurance Department of Saudi Exim Bank. The Sub-Plicy comes under the master Facultative Reinsurance Agreements (FRA) signed by the two entities in 2021.

Under the FRA, ICIEC will provide Shariah-compliant reinsurance covering up to 70% of Saudi Eximbank's exposure under a Documentary Credit Insurance Policy Commercial and Political Risks (Multi Risk) issued to the Original Insured up to the agreed Credit Amount Limit. The Sub-policy enables coverage of LCs confirmed by Riyad Bank for several Saudi commercial banks. It will also provide additional headroom capacity for the confirmation of LCs to support trade transactions by commercial banks in Saudi Arabia and the ICIEC Member States.

ICIEC's cooperation with Saudi EXIM Bank has steadily grown over the years, with a current reinsurance agreement worth some US$140 million. This year, Saudi EXIM was named the winner of the ICIEC Awards for the Category of "Export Credit Agency of the Year 2023." It marks Saudi EXIM's critical support towards diversifying the Kingdom's export base and contribution to intra-OIC trade. With a gross volume of financing and insurance services provided to exporters exceeding US$2.5 billion as at the end of 2022, the contribution of Saudi EXIM to achieving the objectives of Saudi Vision 2023 is highly commendable.

ICIEC and MKBANK MoU Aims to Strengthen Bilateral Cooperation in Support of Boosting Trade and Investment in Uzbekistan

Jeddah, KSA- ICIEC, and the Joint-Stock Commercial Bank "Microcreditbank" (MKBANK) have signed a Memorandum of Understanding (MoU) to bolster collaboration aimed at supporting trade, exports and investments in the Republic of Uzbekistan.

The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Jumaniyazov Ikram, Deputy Chairman of the Management Board of MKBANK. Under the arrangement, both parties will work closely to identify potential areas for collaboration, provide technical assistance, and design and implement trade and investment initiatives.

The partnership aims to further develop the Islamic financial landscape and encourage sustainable development investments in Uzbekistan. Mr. Kaissi expressed his enthusiasm for the cooperation, saying, "ICIEC is committed to strengthening the ties between our two organizations, fostering sustainable growth and boosting trade and investment in Uzbekistan. This MoU allows us to combine our efforts and expertise to promote economic development in the country."

The Memorandum of Understanding marks a new chapter in the partnership between ICIEC and MKBANK and paves the way for a stronger, more prosperous Uzbekistan.

ICIEC Signs Landmark Bank Guarantee Cooperation MoU with Fonds FAGACE to Boost Investment Flows to Member States Common to Both institutions

Jeddah, KSA, ICIEC, signed a landmark MoU with Fonds Africain de Garantie et de Coopération Economique (FAGACE) – the African Guarantee and Economic Cooperation Fund. The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Mouhamadou Al Amine DIA, Director of Risk Management, FAGACE on the sidelines of the 2023 IsDB Annual Meetings on 10-13 May 2023 in Jeddah, Saudi Arabia.

This MoU aims to facilitate the cooperation between ICIEC and FAGACE, with a view to increasing the foreign and domestic direct investments towards member countries common to both institutions. This will be attained through the establishment of mechanisms guaranteeing risks related to investment, financing of banking institutions and regional and sub-regional SMEs. It is also expected to facilitate international trade transactions involving banks of member countries.
FAGACE is a pioneer in the field of bank guarantees. It is a pan-African institution established on 10 February 1977 and based in Benin. It has 14 member states, almost all of which are also member countries of the IsDB and ICIEC. Since inception, according to Director General Ngueto Yambaye, FAGACE has issued bank guarantees totalling CFA3,000 billion (US$4.9 billion) in support of trade and investment flows for transactions and projects in member states.

ICIEC Signs US$4m FRA with KAZAKHEXPORT to Cover the Commercial Risk of Railway Equipment Project in Azerbaijan

Jeddah, KSA, ICIEC, signed a US$4 million Facultative Reinsurance Agreement (FRA) with KAZAKHEXPORT Insurance Company JSC.

The signing ceremony was held in Jeddah, Saudi Arabia, on the sidelines of the IsDB Group Annual Meetings, by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Aslan Kaligazin, CEO of KAZAKHEXPORT.

The transaction involves the financial leasing of TE33A 'Evolution' type mainline locomotives to Azerbaijan Railways for a tenor of 36 months. ICIEC is supporting KAZAKHEXPORT with a 70% reinsurance coverage of the total insurance limit of US$5.6 million. The FRA covers the commercial risk of the project under the relevant leasing agreement.

ICIEC Signs A €36m Sovereign Non-Payment Insurance with Société Générale And Standard Chartered Bank (Hong Kong) Ltd to Cover Various Infrastructure Projects in Uganda

Jeddah, KSA, ICIEC, signed an additional €36 million uplift to the existing €146 million Non-Honouring Sovereign Financial Obligation (NHSFO) Insurance Policy with Standard Chartered Bank (UK) Ltd, Standard Chartered Bank (Hong Kong) Ltd and Société Générale. This provides comprehensive coverage to the financiers regarding the non-payment risks of the Republic of Uganda for the funding of infrastructure projects under the Development and Infrastructure Budget 2022 of Uganda.

The signing ceremony was held in Jeddah, Saudi Arabia, on the sideline of the IsDB Group Annual Meeting, by Mr. Oussama Kaissi, CEO of ICIEC, Mr. Sujithav Sarangi, Executive Director, Structured Export Finance, Standard Chartered bank; and Mr. Yves Jacob, Managing Director and Head of Public Sector Finance, Société Générale.

ICIEC's intervention enabled the additional investment of €36 million by Standard Chartered Bank (Hong Kong) to finance government projects in several sectors. The NHSFO Insurance Policy of ICIEC provides comprehensive coverage to financiers regarding the non-payment risks of sovereign obligors. The €36 million is a top-up under the accordion mechanism of the Islamic financing of €146 million advanced to the Ministry of Finance, Planning and Economic Development of Uganda related to several projects covering agriculture, climate action, education, healthcare, power infrastructure, transportation and water infrastructure. The programme is designed with a streamlined impact reporting requirement for mapping the programme outcomes to the targeted intervention. This initiative enhances country project ownership and flexibility of intervention without compromising the impact reporting criteria set by the banks and ICIEC. The project is being financed by Standard Chartered Bank (Hong Kong) and Société Générale (as Participants) with Standard Chartered Bank UK (as Agent) in Murabaha format.

ICIEC Signs MoU with the Arab Contractors to Facilitate the Promotion of Green and Sustainable Transport, Urban and Social Infrastructure

Jeddah, KSA, ICIEC, signed an MoU with the Arab Contractors (AC). The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Sayed Abd ElKhalek, Board Member of the AC, under the aegis of the IsDB Group Private Sector Forum themed 'Partnerships to Fend Off Crises' at the 30th Annual Meetings of ICIEC held in conjunction with the 48th Annual Meetings of the Board of Governors of the IsDB on 10-13 May 2023 in Jeddah, Saudi Arabia.

The MoU aims to provide a general framework to facilitate co-operation between ICIEC and the Arab Contractors in promoting green, resilient and sustainable infrastructure. It will also focus on multi-modal transport, social infrastructure, urban development and water sanitation; agriculture and rural development as well as ICT and digitalization in Egypt and other ICIEC Member States.

ICIEC and Mauritania Investment Promotion Agency Pen MoU To Boost Foreign Direct Investment in Mauritania

Jeddah, KSA, ICIEC, signed an MoU with the Mauritania Investment Promotion Agency (APIM) on the sidelines of the IsDB Annual Meeting 2023.

The MoU aims to foster collaboration between the two institutions with a focus on increasing foreign direct investment (FDI) into Mauritania by leveraging the comprehensive de-risking solutions offered by ICIEC. The partnership marks a significant step towards transforming Mauritania's economy through sustainable and diversified investments.

Under the MoU, ICIEC and APIM will work closely to develop and promote investment opportunities in Mauritania by identifying potential sectors and projects and providing essential support by lowering risks for foreign investors. This strategic cooperation is expected to create a more conducive environment for investment, stimulate entrepreneurship and business growth, and create new employment opportunities in the country.

With this MoU, ICIEC and APIM are poised to pave the way for a new era of economic growth and prosperity in Mauritania, benefiting from the commitment, collaboration, and mutual support of both institutions.

ICIEC Honoured with Prestigious GTR 'Leaders in Trade Award' for the Islamic Finance in Trade Category

Riyadh, KSA, ICIEC, the insurance arm of the Islamic Development Bank (IsDB) Group, is proud to announce that it is the recipient of the prestigious Global Trade Review (GTR) Leaders in Trade Award for Islamic Finance in Trade. This esteemed accolade was presented to ICIEC during the GTR Saudi Arabia awards ceremony on May 9, 2023.

The GTR Leaders in Trade Awards celebrate innovation, excellence, and growth in the trade, commodity, supply chain, and export finance markets, with a specific emphasis on Islamic finance. This award underscores ICIEC's unwavering commitment to supporting and promoting trade within the Islamic world, fostering economic development, and driving sustainable growth.

Since its establishment, ICIEC has been actively involved in its member states' economic growth and development by offering Shariah-compliant insurance and reinsurance solutions, reducing trade and investment risks, and promoting the expansion of trade within the Organization of Islamic Cooperation countries. The GTR Leaders in Trade Award cements ICIEC's position as a leader and pioneer in the Islamic finance industry.

Oussama Kaissi Addresses 13th Aman Union AGM in Dubai, Hosted by ECI, and Calls on Stakeholders to Help Increase Awareness of Credit Insurance and PRI Through Sustainability and Collaboration

AMAN UNION
The Association of Arab & Islamic Export Credit Insurance Agencies

Dubai, UAE – Aman Union, the professional forum for commercial and non-commercial risks insurers and reinsurers in the member countries of the Organization of the Islamic Cooperation (OIC), hosted its 13th Annual General Meeting from May 29 to 31st, 2023 in Dubai, UAE.

The event focused on the most pressing issues faced by the OIC member countries, including food security, climate change, and the impact of digitalization on trade and investment. The three-day event brought together some of the most eminent personalities in the export credit insurance and reinsurance industry, insurance brokers, banks, and institutions involved in trade and investment activities.

The event also featured discussions around the role of multilateral institutions such as ITFC, FAO, and IOFS in addressing the impact of the geopolitical environment on OIC member countries regarding food security, the impact of digitalization on trade and investment, and the role of the UAE in boosting climate change. Other discussion topics included digital transformation in support of trade and investment, innovations in sustainable credit insurance, and mitigating risks in Africa, exploring credit insurance challenges and opportunities.

The event successfully delivered the anticipated outcomes, illustrating the significant developments in Fintech as a driving force to support trade and investment. It emphasized the OBIC and its potential in enhancing trade and investment among OIC member countries. Moreover, the event delved into innovative strategies for sustainable credit insurance and risk mitigation in Africa.

For more information about the event, please get in touch with the AMAN Union Secretariat at secretariat@amanunion.net or visit their website at www.amanunion.net.

ICIEC Receives the Prestigious IFN Award 2022 "IFN Indonesia Deal of The Year 2022"

Jeddah, KSA, ICIEC has been honoured with the Islamic Finance News Award in the prestigious IFN Indonesia Deal of the Year 2022 for its " Sidra Capital's US$ 80 million ICIEC Insurance Cover ". ICIEC will receive the award during the IFN Dubai Awards Ceremony, Conrad Dubai, to be organized on the 16th of March 2023.

ICIEC was named the recipient of the IFN Deal of the Year for its US$ 80 million political risk insurance cover extended to SIDRA Capital, which supported SIDRA Capital in securing a Shariah-compliant loan facility to PT MCT (Asia Trading) in Indonesia. The facility is used to fund transactions involving suppliers and operators in the mining and nickel trading sectors, specifically to help SME mines have access to finance, assisting local mining companies in bridging the current financing gap. The facility also promotes Islamic Finance in Indonesia and is an important source for foreign direct investment and foreign exchange for Indonesian companies and is a good route towards economic integration between the OIC Member States. ICIEC's cover for SIDRA Capital's political risk of the financing aims to help underpin and support UN Sustainable Development Goals (SDGs), mainly towards decent work, economic growth and responsible consumption and production. Mr. Oussama KAISSI, Chief Executive Officer of ICIEC, expressed his appreciation to Islamic Finance News for the IFN Indonesia Deal of the Year 2022, noting that this is an opportunity to present ICIEC's strength in providing support for major and meaningful development initiatives. He noted that this award illustrates the great potential of Islamic Finance and is proud that ICIEC is part of this expanding industry.

ICIEC, a member of the Islamic Development Bank (IsDB) Group, is committed to helping support the growth and reduce uncertainties in the member states and the world during a time of unparalleled risk and uncertainty. ICIEC's steady and reliable contribution to the economic growth of its member states is acknowledged and praised, even during unpredictable times, proving itself as a resilient force for impactful development.

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